

**HOUSING AUTHORITY
OF THE
TOWN OF OLLA, LOUISIANA**

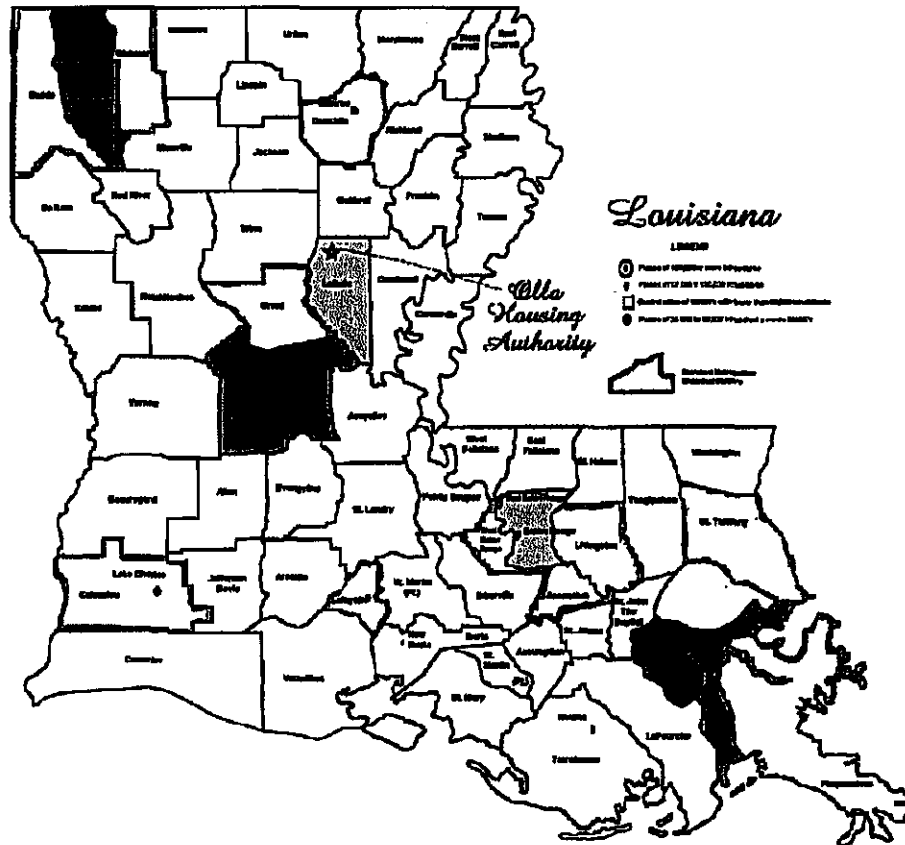
**Financial Statements &
Supplemental Financial Information**

June 30, 2006

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 11-15-06

HOUSING AUTHORITY OF THE TOWN OF OLLA OLLA, LOUISIANA



* The Olla Housing Authority is chartered as a public corporation for the purpose of administering housing programs for low income families. Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering low-income housing programs in the United States. Accordingly, HUD has entered into a contract with the Olla Housing Authority to make annual contributions (subsidies) for the purpose of funding its programs for low-income families.

**Housing Authority of the Town of Olla
Olla, Louisiana**

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June 30, 2006**

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INDEPENDENT AUDITOR'S REPORT

Housing Authority of the
Town of Olla
Olla, Louisiana

I have audited the accompanying basic financial statements of the Housing Authority of the Town of Olla as of and for the year ended June 30, 2006, as listed in the table of contents. These basic financial statements are the responsibility of the Housing Authority's management. My responsibility is to express an opinion on these basic financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the Town of Olla, as of June 30, 2006, and the respective changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated September 15, 2006, on my consideration of the Housing Authority of the Town of Olla's internal control over financial reporting and on my test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the authority's basic financial statements taken as a whole. The accompanying Financial Data Schedule, required by HUD, and other supplemental statements and schedules are presented for purposes of additional analysis, and are also not a required part of the basic financial statements. The Financial Data Schedule and other supplemental statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements, and in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

John R. Vercher PC

September 15, 2006
Jena, Louisiana

**Housing Authority of the Town of Olla
Management's Discussion and Analysis
June 30, 2006**

As management of the Olla Housing Authority, we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities to consider the information presented here in conjunction with the Authority's financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$647,817 (net assets).
- As of the close of the current fiscal year, the Authority's ending unrestricted net assets decreased \$48,871.
- The Authority's cash balance at June 30, 2006 was \$22,650.
- The Authority had total revenue of \$210,910, while expenses totaled \$264,261.
- The Authority's capital outlay for the year was \$50,761.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction of the Authority's basic financial statements. The Authority's basic financial statements consist of the Statement of Net Assets, Statement of Revenues, Expenses and changes in Net Assets, Statement of Cash Flows, and the notes to the financial statements. This report also contains the schedule of expenditures of federal awards as supplemental information in addition to the basic financial statements themselves.

The Authority's has only one fund type, namely a proprietary fund. The statement of Net Assets included all of the Authority's assets and liabilities. This fund type is used for activities which are financial and operated in a manner similar to those in the private sector.

The Authority has two main funding sources in its financial operation. These are the Low Rent Public Housing and Capital Fund Programs. The Low Rent Program consists of 45 units. Funding is provided based on dwelling rents paid by the tenants and operating fund payments received from the Department of Housing and Urban Development based on a formula. The purpose of this program is to provide funding for low rent housing programs to allow them to make purchases and capital improvements for the current dwelling structures and assist in their operations.

**Housing Authority of the Town of Olla
Management's Discussion and Analysis - Continued
June 30, 2006**

The Authority's overall financial position and operations for the year is summarized below based on the information in the current and prior year financial statements. The table below lists the Comparative Statement of Net Assets as of June 30, 2006.

Statement of Net Assets

| Assets | FYE 2005 | FYE 2006 | % Change |
|-------------------------------|-------------------|-------------------|-----------------|
| Current Assets & Other Assets | \$ 289,053 | \$ 240,791 | -17% |
| Capital Assets, Net | 429,022 | 424,542 | -1% |
| Total Assets | 718,075 | 665,333 | -7% |
| Liabilities | | | |
| Current Liabilities | 16,907 | 17,516 | 4% |
| Non-Current Liabilities | -0- | -0- | 0% |
| Total Liabilities | 16,907 | 17,516 | 4% |
| Net Assets | | | |
| Invested in Capital Assets | 429,022 | 424,542 | -1% |
| Unrestricted | 272,146 | 223,275 | -18% |
| Total Net Assets | \$ 701,168 | \$ 647,817 | -8% |

Cash and Investments

Cash increased by \$326 as of June 30, 2006. The primary source of the increase is due to the net CFP and operations during the current fiscal year.

Net Assets

The Authority's unrestricted net assets decreased by \$48,871.

Housing Authority of the Town of Olla
Management's Discussion and Analysis - Continued
June 30, 2006

The table below lists the Comparative Statement of Revenues, Expenses, and Changes in Net Assets as of June 30, 2006.

Statement of Revenues, Expenses, & Changes in Net Assets

| | <u>FYE 2005</u> | <u>FYE 2006</u> | <u>% Change</u> |
|---------------------------|-------------------|-------------------|-----------------|
| Revenue | | | |
| Tenant Revenue | \$ 81,363 | \$ 77,913 | -5% |
| HUD Operating Grants | 165,313 | 77,751 | -53% |
| Capital Grants | 52,214 | 50,761 | -3% |
| Interest | 2,855 | 4,485 | 58% |
| Total Revenue | <u>301,745</u> | <u>210,910</u> | -3% |
| Expenses | | | |
| Administration | 68,142 | 76,336 | 76% |
| Depreciation | 133,895 | 55,241 | -59% |
| Operation & Maintenance | 57,544 | 92,875 | 61% |
| Taxes and Insurance | 24,554 | 25,350 | 3% |
| Utilities | 13,895 | 14,415 | 3% |
| Tenants | 28 | 44 | 57% |
| Total Expenses | <u>298,058</u> | <u>264,261</u> | -17% |
| Changes in Net Assets | 3,687 | (53,351) | -1,092% |
| Beginning Net Assets | 697,481 | 701,168 | 1% |
| Ending Net Assets | \$ <u>701,168</u> | \$ <u>647,817</u> | -8% |

Results of Operations

Revenues of the Authority are generated principally from dwelling rent and HUD Operating subsidies. The Authority's revenues decreased by \$90,835. Expenses decreased by \$33,797.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2006 the Authority's investment in capital assets was \$424,542 (net of accumulated depreciation). This investment includes land, building improvements, dwelling equipment and maintenance equipment.

Major capital asset activities during the current fiscal year include the following:

1. Building Improvement consisting of remodeling units.

**Housing Authority of the Town of Olla
Management's Discussion and Analysis - Continued
June 30, 2006**

Long Term Debt

The Authority does not have any long-term liabilities at this time.

Future events that will impact the Authority

The Authority relies heavily upon HUD operating subsidies. The amount appropriated has not currently been approved for the FYE 2007. Therefore, any results of budget shortfalls cannot be determined.

Contacting the Authority's Finance Management

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the following address:

Housing Authority of the Town of Olla
1125 Washington St, Bldg 108
Olla, LA 71465

Basic Financial Statements

**Housing Authority of the Town of Olla
Olla, Louisiana
Statement of Fund Net Assets
June 30, 2006**

| ASSETS | ENTERPRISE FUND |
|--------------------------------------------------|----------------------------|
| CURRENT ASSETS | |
| Cash & Cash Equivalents | \$ 22,650 |
| Investments | 208,630 |
| Prepaid Items | 9,511 |
| TOTAL CURRENT ASSETS | <u>240,791</u> |
| NON-CURRENT ASSETS | |
| Capital Assets (Net of Accumulated Depreciation) | 424,542 |
| TOTAL NON-CURRENT ASSETS | <u>424,542</u> |
| TOTAL ASSETS | <u>665,333</u> |
| LIABILITIES | |
| CURRENT LIABILITIES | |
| Accrued Pilot | 5,911 |
| Accrued Compensated Absences | 2,188 |
| TOTAL CURRENT LIABILITIES | <u>8,099</u> |
| NON-CURRENT LIABILITIES | |
| Tenant Security Deposits | 3,400 |
| Accrued Compensated Absences | 6,017 |
| TOTAL NON-CURRENT LIABILITIES | <u>9,417</u> |
| TOTAL LIABILITIES | <u>17,516</u> |
| NET ASSETS | |
| Invested in Capital Assets, Net of Related Debt | 424,542 |
| Unrestricted | 223,275 |
| TOTAL NET ASSETS | <u>\$ 647,817</u> |

The accompanying notes are an integral part of this statement.

**Housing Authority of the Town of Olla
Olla, Louisiana
Statement of Revenues, Expenses, & Changes In Fund Net Assets
Year Ended June 30, 2006**

| | ENTERPRISE FUND |
|----------------------------------------------|----------------------------|
| OPERATING REVENUES | |
| Tenant Rental Revenue | \$ 73,527 |
| Tenant Revenue Other | 4,386 |
| HUD PHA Operating Grant | <u>77,751</u> |
| TOTAL OPERATING REVENUE | <u>155,664</u> |
| OPERATING EXPENSES | |
| <i>Administration:</i> | |
| Administrative Salaries | 34,866 |
| EBC Administrative | 19,353 |
| Other Operating - Administrative | 22,117 |
| <i>Cost of Sales & Service:</i> | |
| Tenant Services | 44 |
| Water | 11,672 |
| Electricity | 2,302 |
| Other Utilities | 441 |
| Ordinary Maintenance - Labor | 26,937 |
| Materials | 21,826 |
| Contract Cost | 12,296 |
| EBC Maintenance | 15,073 |
| Insurance | 19,439 |
| Payment in Lieu of Taxes | 5,911 |
| <i>Depreciation</i> | <u>55,241</u> |
| TOTAL OPERATING EXPENSES | <u>247,518</u> |
| OPERATING INCOME (LOSS) | <u>(91,854)</u> |
| NONOPERATING REVENUE (EXPENSE) | |
| Federal Grants | 50,761 |
| Interest Earnings | 4,485 |
| Extraordinary Maintenance | <u>(16,743)</u> |
| TOTAL NONOPERATING REVENUE (EXPENSES) | <u>38,503</u> |
| CHANGE IN NET ASSETS | (53,351) |
| TOTAL NET ASSETS - BEGINNING | <u>701,168</u> |
| TOTAL NET ASSETS - ENDING | <u>\$ 647,817</u> |

The accompanying notes are an integral part of this statement.

**Housing Authority of the Town of Olla
Olla, Louisiana
Statement of Cash Flows
Year Ended June 30, 2006**

| | ENTERPRISE FUND |
|----------------------------------------------------------------------------------------------------------|----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Receipts From Customers & Users | \$ 156,610 |
| Payments to Suppliers | (123,670) |
| Payments to Employees | (61,803) |
| Payment in Lieu of Taxes | (6,089) |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>(34,952)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | |
| Subsidy From Federal Grants | 50,761 |
| NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES | <u>50,761</u> |
| CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES | |
| Extraordinary Maintenance | (16,743) |
| Acquisition & Construction of Capital Assets | (50,761) |
| NET CASH PROVIDED (USED) BY CAPITAL & RELATED FINANCING ACTIVITIES | <u>(67,504)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Investments | 47,635 |
| Interest and Dividends Received | 4,386 |
| NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES | <u>52,021</u> |
| NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS | 326 |
| CASH, BEGINNING OF YEAR | 22,324 |
| CASH, END OF YEAR | <u>22,650</u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | |
| Operating Income (Loss) | <u>(91,854)</u> |
| Depreciation Expense | 55,241 |
| (Increase) Decrease in Prepaid Items | 1,052 |
| Increase (Decrease) in Accrued Pilot | (178) |
| Increase (Decrease) in Customer Deposits | (75) |
| Increase (Decrease) in Accounts Payable | (159) |
| Increase (Decrease) in Compensated Absences | 1,021 |
| TOTAL ADJUSTMENTS | <u>56,902</u> |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>(34,952)</u> |
| LISTING OF NONCASH INVESTING, CAPITAL, & FINANCIAL ACTIVITIES | |
| Contributions of Capital Assets From Government | \$ <u>-0-</u> |

The accompanying notes are an integral part of this statement.

**Housing Authority of the Town of Olla
Olla, Louisiana**

Notes to the Basic Financial Statements

INTRODUCTION

The Housing Authority of the Town of Olla is a 45 unit apartment complex for persons of low income located in Olla, Louisiana. The Authority is chartered as a public corporation for the purpose of administering decent, safe and sanitary dwelling for persons of low-income.

Legal title to the Authority is held by the Housing Authority of the Town of Olla, Louisiana, a non-profit corporation. The Authority is engaged in the acquisition, modernization, and administration of low-rent housing. The Authority is administered by a governing Board of Commissioners (the Board), whose members are appointed by the Mayor of Olla, Louisiana. Each member serves a four-year term and receives no compensation for their services. Substantially all of the Authority's revenue is derived from subsidy contracts with the U. S. Department of Housing and Urban Development (HUD). The annual contributions contracts entered into by the Authority and HUD provide operating subsidies for Authority-owned public housing facilities for eligible individuals.

Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering low-income housing programs in the United States. Accordingly, HUD has entered into a contract with the entity to make annual contributions (subsidies) for the purpose of funding its programs for low-income families.

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Because the Housing Authority is legally separated and fiscally independent, the Housing Authority is a separate governmental reporting entity. The Housing Authority includes all funds, account groups, activities, etc., that are within the oversight responsibility of the Housing Authority.

The Housing Authority is a related organization of the Town of Olla because the Town of Olla appoints a voting majority of the Housing Authority's governing board. The Town of Olla is not financially responsible for the Housing Authority, as it cannot impose its will on the Housing Authority and there is no possibility for the Housing Authority to provide financial benefit to, or impose financial burdens on, the Town of Olla. Accordingly, the Housing Authority is not a component unit of the financial reporting entity of the Town of Olla.

1. SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the activities of the primary government and its component units. For the most part, the effect of the Interfund activity has been removed from these statements. The Housing Authority uses enterprise funds to account for its activities.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Housing Authority of the Town of Olla
Olla, Louisiana**

Notes to the Basic Financial Statements - (Continued)

The Housing Authority reports the following major proprietary funds:

The Low Rent Fund is the housing authority's primary operating fund. It accounts for all financial resources of the housing authority.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to their same limitation. The Housing Authority has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of Interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct cost and program revenues reported for the various functions concerned.

Operating revenues and expenses have been reported separately from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The primary operating revenue of the housing authority is derived from tenant revenue. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the housing authority's policy to use restricted resources first, then unrestricted resources as they are needed.

C. Deposits and Investments

The Housing Authority's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the Housing Authority's investment policy allow the Housing Authority to invest in collateralized certificated of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

Investments (bank certificate of deposits in excess of 90 days) for the housing authority are reported at fair value.

D. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year referred to as either "due to/from other funds" (i.e., the current portion of Interfund loans) or "advances to/from other funds" (i.e., the non-current portion of Interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, as reported in the accompanying basic financial statements, are offset by a restriction on net assets. All trade and other receivables are shown net of an allowance for uncollectives.

**Housing Authority of the Town of Olla
Olla, Louisiana**

Notes to the Basic Financial Statements - (Continued)

E. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first out method. Inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

F. Capital Assets

Capital Assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable columns in the government-wide financial statements. Capital assets are capitalized at historical cost. The housing maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense included during the current fiscal year was \$-0-. Of this amount, \$-0- was included as part of the cost of capital assets under construction in connection with construction projects.

All Capital Assets, other than land, are depreciated using the straight-line method over the following useful lives:

| <u>Description</u> | <u>Estimated Lives</u> |
|-----------------------|------------------------|
| Land Improvements | 20 years |
| Buildings | 20 years |
| Building Improvements | 10 years |
| Furniture & Fixtures | 5 years |
| Vehicles | 5 years |
| Equipment | 5 years |

G. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

H. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the housing authority, which are either unusual in nature or infrequent in occurrence.

**Housing Authority of the Town of Olla
Olla, Louisiana**

Notes to the Basic Financial Statements - (Continued)

I. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

J. Compensated Absences

The Housing Authority follows Louisiana Civil Service regulations for accumulated annual and sick leave. Employees may accumulate up to three hundred hours of annual leave which may be received upon termination or retirement. Sick leave hours accumulate, but the employee is not paid for them if not used by his/her retirement or termination date.

2. CASH AND INVESTMENTS (CD'S IN EXCESS OF 90 DAYS)

At June 30, 2006, the housing authority has cash and investments (book balances) totaling \$231,280 as follows:

| | | |
|-----------------|----|----------------|
| Demand Deposits | \$ | 81,280 |
| Time deposits | | 150,000 |
| Total | \$ | <u>231,280</u> |

These deposits are stated at cost, which approximated market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2006, the housing authority has \$231,450 in deposits (collected bank balances). These deposits are secured from risk by \$200,000 of federal deposit insurance and \$174,432 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the housing authority or its agent in the housing authority's name.
2. Uninsured and unregistered, with securities held by the counter party's trust department or agent in the housing authority's name.
3. Uninsured and unregistered, with securities held by the counter party, or by its trust department or agent but not in the housing authority's name.

**Housing Authority of the Town of Olla
Olla, Louisiana**

Notes to the Basic Financial Statements - (Continued)

At fiscal year-end, the housing authority's cash and investment balances were as follows:

| | |
|------------------------|-------------------|
| Demand Deposits | \$ 22,650 |
| Money Market Security | 58,630 |
| Certificate of Deposit | 50,000 |
| Certificate of Deposit | 50,000 |
| Certificate of Deposit | 50,000 |
| Total | \$ 231,280 |

| Type of Investment | Category | | | Fair Market Value |
|--------------------|-------------------|-------------------|---------------|-------------------|
| | 1 | 2 | 3 | |
| FDIC | \$ 181,280 | \$ -0- | \$ -0- | \$ 181,280 |
| FHLMC Notes | -0- | 174,432 | -0- | 174,432 |
| Total | \$ 181,280 | \$ 174,432 | \$ -0- | \$ 355,712 |

3. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2006 were as follows:

| | Beginning Balance | Additions | Deletions | Ending Balance |
|------------------------------------------|------------------------|-----------------------|-------------------|-----------------------|
| Land (Not Depreciated) | \$ 41,300 | \$ -0- | \$ -0- | \$ 41,300 |
| Leasehold Improvements | 321,908 | -0- | -0- | 321,908 |
| Buildings | 1,950,490 | -0- | -0- | 1,950,490 |
| Furniture & Equipment, Etc. | 20,823 | -0- | -0- | 20,823 |
| CFP Capital Assets | 104,176 | 50,761 | -0- | 154,937 |
| Total | 2,438,697 | 50,761 | -0- | 2,489,458 |
| Less Accumulated Depreciation | (2,009,675) | (55,241) | -0- | 2,064,916 |
| Net Capital Assets | \$ 429,022 | \$ (4,480) | \$ -0- | \$ 424,542 |

Depreciation expense of \$55,241 for the year ended June 30, 2006 was charged to the following functions:

| | |
|-----------------------------------|------------------|
| Buildings | \$ 55,241 |
| Total Depreciation Expense | \$ 55,241 |

Land in the amount of \$41,300 is not depreciated.

**Housing Authority of the Town of Olla
Olla, Louisiana**

Notes to the Basic Financial Statements - (Continued)

4. ACCOUNTS, SALARIES AND OTHER PAYABLES

The payables of \$8,099 at June 30, 2006 are as follows:

| | | |
|------------------------------|----|--------------|
| Accounts Payable | \$ | -0- |
| Accrued Compensated Absences | | 2,188 |
| Accrued Pilot | | 5,911 |
| Total | \$ | <u>8,099</u> |

5. RETIREMENT SYSTEMS

The housing authority provides benefits for all full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. The entity contributes 8% of the employee's effective compensation. The housing authority's contributions for each employee (and interest allocated to the employee account) vest at 20% annually for each year of participation. An employee is fully vested after 5 years of participation.

The housing authority's total payroll for the fiscal year ending June 30, 2006 was \$61,803. The housing authority's contributions were calculated using the base salary amount of \$61,803. Contributions to the plan were \$4,944 for the year ended June 30, 2006, of which \$4,944 was paid by the housing authority and \$-0- was paid by employees.

6. CONTINGENT LIABILITIES

At June 30, 2006, the housing authority is subject to possible examinations made by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the housing authority in the current and prior years. These examinations may result in required refunds by the housing authority to federal grantors and/or program beneficiaries.

7. COMPENSATED ABSENCES

The housing authority has the following policy relating to vacation and sick leave:

The Authority follows the civil service guidelines for vacation and sick leave. Employee's time is accumulated in accordance to hours worked per month. At year-end, time not used is accumulated.

At June 30, 2006, employees of the PHA have accumulated and vested \$8,205 of employee leave benefits, computed in accordance with GASB Codification Section C60. The balance of accrued compensated absences at June 30, 2006 was \$2,188 recorded as current obligation and \$6,017 recorded as non-current obligation.

8. ECONOMIC DEPENDENCY

Statement of Financial Accounting Standard (SFAS) No. 14 requires disclosure in financial statements of a situation where one entity provides more than 10% of the audited entity's revenues. The Department of Housing & Urban Development provided \$77,751 to the housing authority, which represents approximately 37% of the housing authority's revenue for the year.

**Other Supplemental Statements
& Schedules**

**Housing Authority of the Town of Olla
Olla, Louisiana
Schedule of Compensation Paid to Board Members
Year Ended June 30, 2006**

| <u>Board Member</u> | <u>Title</u> | <u>Salary</u> |
|---------------------|--------------|---------------|
| Mike Duke | Chairman | -0- |
| Mark Richardson | Commissioner | -0- |
| Helen Barksdale | Commissioner | -0- |
| Rachel Tatum | Commissioner | -0- |
| Cathy Magee | Commissioner | -0- |

**Housing Authority of the Town of Olla
Olla, Louisiana
Statement & Certification of Actual Modernization Cost
Annual Contribution Contract**

| | <u>Project 2003-501</u> | <u>Project 2003-502</u> | <u>Project 2005-501</u> | <u>Total</u> |
|-------------------------------------------------------|-----------------------------|-----------------------------|-----------------------------|------------------|
| The Actual Modernization Costs Are As Follows: | | | | |
| Funds Approved | \$ 77,169 | \$ 15,380 | \$ 73,460 | \$ 166,009 |
| Funds Expended | <u>(77,169)</u> | <u>(15,380)</u> | <u>(7,346)</u> | <u>(99,895)</u> |
| Excess of Funds Approved | <u>-0-</u> | <u>-0-</u> | <u>66,114</u> | <u>66,114</u> |
| 2. Funds Advanced | 77,169 | 15,380 | 73,460 | 166,009 |
| Funds Expended | <u>(77,169)</u> | <u>(15,380)</u> | <u>(7,346)</u> | <u>(99,895)</u> |
| Excess of Funds Advanced | <u>\$ -0-</u> | <u>\$ -0-</u> | <u>\$ 66,114</u> | <u>\$ 66,114</u> |

The accompanying notes are an integral part of this statement.



Other Reports

JOHN R. VERCHER PC
Certified Public Accountant

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Housing Authority of the
Town of Olla
Olla, Louisiana

I have audited the accompanying basic financial statements of the Housing Authority of the Town of Olla, Louisiana, as of and for the year ended June 30, 2006, which collectively comprise the Housing Authority's basic financial statements and have issued my report thereon dated September 15, 2006. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Housing Authority of the Town of Olla, Louisiana's basic financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Housing Authority of the Town of Olla, Louisiana's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level risk that misstatements in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of management, federal awarding agencies and Legislative Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

John R. Vercher PC

September 15, 2006

Jena, Louisiana

**HOUSING AUTHORITY OF THE TOWN OF OLLA
OLLA, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COST
For the Year Ended June 30, 2006**

I have audited the basic financial statements which collectively comprise the Housing Authority of the Town of Olla, Louisiana, as of and for the year ended June 30, 2006 and have issued my report thereon dated September 15, 2006. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. My audit of the basic financial statements as of June 30, 2006 resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Basic Financial Statements

Internal Control

Material Weaknesses ☐ Yes ☒ No Reportable Conditions ☐ Yes ☒ No

Compliance

Compliance Material to Basic Financial Statements ☐ Yes ☒ No

b. Federal Awards – (Not Applicable)

Internal Control

Material Weaknesses ☐ Yes ☐ No Reportable Conditions ☐ Yes ☐ No

Type of Opinion On Compliance ☐ Unqualified ☐ Qualified
For Major Programs ☐ Disclaimer ☐ Adverse

Are the findings required to be reported in accordance with Circular A-133, Section .510(a)?

☐ Yes ☐ No

c. Identification Of Major Programs:

CFDA Number (s)

Name Of Federal Program (or Cluster)

Dollar threshold used to distinguish between Type A and Type B Programs:

\$

Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133?

☐ Yes ☐ No

**HOUSING AUTHORITY OF THE TOWN OF OLLA
OLLA, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COST
For the Year Ended June 30, 2006**

Section II Financial Statement Findings Required To Be Reported In Accordance With GAGAS

No items to report.

Section III – Internal Control

No items to report.

Section IV Federal Awards Findings and Questioned Costs.

Not applicable.

**HOUSING AUTHORITY OF THE TOWN OF OLLA
OLLA, LOUISIANA**

**STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2006**

Legislative Auditor
State of Louisiana
Baton Rouge, Louisiana 70804-9397

The management of the Housing Authority of the Town of Olla, Louisiana has provided the following action summaries relating to audit findings brought to their attention as a result of their financial audit for the year ended June 30, 2005.

There were no prior year findings.

JOHN R. VERCHER PC
Certified Public Accountant

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MANAGEMENT LETTER COMMENTS

During the course of my audit, I observed conditions and circumstances that may be improved. Below are findings noted for improvement, my recommendation for improvement and the Housing Authority's plan for corrective action.

There are no current year comments.

**Housing Authority of the Town of Olla
Olla, Louisiana
Audit Adjustments
For The Year Ended June 30, 2006**

| <u>Description</u> | <u>Debit</u> | <u>Credit</u> |
|--------------------------|--------------|---------------|
| Accumulated Depreciation | \$ 92,273 | |
| Depreciation Expense | | \$ 92,273 |

To adjust depreciation error.

PHA: LA124 FYED: 06/30/2006

| Line Item No. | Account Description | Low Rent Public Housing | Public Housing Capital Fund Program | Total |
|---------------|------------------------------------------------------------|-------------------------|-------------------------------------|--------------|
| 112 | Cash - Restricted - Modernization and Development | \$22,650 | \$0 | \$22,650 |
| 100 | Total Cash | \$22,650 | \$0 | \$22,650 |
| 120 | Total Receivables, net of allowances for doubtful accounts | \$0 | \$0 | \$0 |
| 131 | Investments - Unrestricted | \$208,630 | \$0 | \$208,630 |
| 142 | Prepaid Expenses and Other Assets | \$8,511 | \$0 | \$8,511 |
| 150 | Total Current Assets | \$240,791 | \$0 | \$240,791 |
| 162 | Buildings | \$41,300 | \$0 | \$41,300 |
| 163 | Furniture, Equipment & Machinery - Dwellings | \$1,950,490 | \$0 | \$1,950,490 |
| 164 | Furniture, Equipment & Machinery - Administration | \$20,823 | \$0 | \$20,823 |
| 165 | Leasehold Improvements | \$321,908 | \$0 | \$321,908 |
| 166 | Accumulated Depreciation | \$-2,064,916 | \$0 | \$-2,064,916 |
| 167 | Construction In Progress | \$0 | \$154,937 | \$154,937 |
| 160 | Total Fixed Assets, Net of Accumulated Depreciation | \$269,605 | \$154,937 | \$424,542 |
| 180 | Total Non-Current Assets | \$269,605 | \$154,937 | \$424,542 |
| 190 | Total Assets | \$510,396 | \$154,937 | \$665,333 |

PHA: LA124 FYED: 06/30/2006

| Line Item No. | Account Description | Low Rent Public Housing | Public Housing Capital Fund Program | Total |
|---------------|-------------------------------------------------|-------------------------|-------------------------------------|-----------|
| 322 | Accrued Compensated Absences - Current Portion | \$2,188 | \$0 | \$2,188 |
| 333 | Accounts Payable - Other Government | \$5,911 | \$0 | \$5,911 |
| 341 | Tenant Security Deposits | \$3,400 | \$0 | \$3,400 |
| 310 | Total Current Liabilities | \$11,499 | \$0 | \$11,499 |
| 354 | Accrued Compensated Absences - Non Current | \$6,017 | \$0 | \$6,017 |
| 350 | Total Noncurrent Liabilities | \$6,017 | \$0 | \$6,017 |
| 300 | Total Liabilities | \$17,516 | \$0 | \$17,516 |
| 508 | Total Contributed Capital | \$0 | \$0 | \$0 |
| 508.1 | Invested in Capital Assets, Net of Related Debt | \$269,605 | \$154,937 | \$424,542 |
| 511 | Total Reserved Fund Balance | \$0 | \$0 | \$0 |
| 511.1 | Restricted Net Assets | \$0 | \$0 | \$0 |
| 512.1 | Unrestricted Net Assets | \$223,275 | \$0 | \$223,275 |
| 513 | Total Equity/Net Assets | \$492,880 | \$154,937 | \$647,817 |
| 600 | Total Liabilities and Equity/Net Assets | \$510,396 | \$154,937 | \$665,333 |

PHA: LA124 FYED: 06/30/2006

| Line Item No. | Account Description | Low Rent Public Housing | Public Housing Capital Fund Program | Total |
|---------------|----------------------------------|-------------------------|-------------------------------------|-----------|
| 703 | Net Tenant Rental Revenue | \$73,527 | \$0 | \$73,527 |
| 704 | Tenant Revenue - Other | \$4,386 | \$0 | \$4,386 |
| 705 | Total Tenant Revenue | \$77,913 | \$0 | \$77,913 |
| 706 | HUD PHA Operating Grants | \$67,190 | \$10,581 | \$77,771 |
| 706.1 | Capital Grants | \$0 | \$50,761 | \$50,761 |
| 711 | Investment Income - Unrestricted | \$4,485 | \$0 | \$4,485 |
| 700 | Total Revenue | \$149,588 | \$61,322 | \$210,910 |

PHA: LA124 FYED: 06/30/2006

| Line Item No. | Account Description | Low Rent Public Housing | Public Housing Capital Fund Program | Total |
|---------------|----------------------------------------------------------------|-------------------------|-------------------------------------|-----------|
| 911 | Administrative Salaries | \$34,886 | \$0 | \$34,886 |
| 912 | Auditing Fees | \$4,550 | \$0 | \$4,550 |
| 914 | Compensated Absences | \$1,021 | \$0 | \$1,021 |
| 915 | Employee Benefit Contributions - Administrative | \$19,353 | \$0 | \$19,353 |
| 916 | Other Operating - Administrative | \$13,331 | \$3,215 | \$16,546 |
| 924 | Tenant Services - Other | \$44 | \$0 | \$44 |
| 931 | Water | \$11,672 | \$0 | \$11,672 |
| 932 | Electricity | \$2,302 | \$0 | \$2,302 |
| 933 | Gas | \$441 | \$0 | \$441 |
| 941 | Ordinary Maintenance and Operations - Labor | \$26,937 | \$0 | \$26,937 |
| 942 | Ordinary Maintenance and Operations - Materials and Other | \$21,826 | \$0 | \$21,826 |
| 943 | Ordinary Maintenance and Operations - Contract Costs | \$12,296 | \$0 | \$12,296 |
| 945 | Employee Benefit Contributions - Ordinary Maintenance | \$15,073 | \$0 | \$15,073 |
| 961 | Insurance Premiums | \$19,439 | \$0 | \$19,439 |
| 963 | Payments in Lieu of Taxes | \$5,911 | \$0 | \$5,911 |
| 989 | Total Operating Expenses | \$189,062 | \$3,215 | \$192,277 |
| 970 | Excess Operating Revenue over Operating Expenses | \$-39,474 | \$58,107 | \$18,633 |
| 971 | Extraordinary Maintenance | \$16,743 | \$0 | \$16,743 |
| 974 | Depreciation Expense | \$55,241 | \$0 | \$55,241 |
| 900 | Total Expenses | \$261,046 | \$3,215 | \$264,261 |
| 1001 | Operating Transfers In | \$7,346 | \$0 | \$7,346 |
| 1002 | Operating Transfers Out | \$0 | \$-7,346 | \$-7,346 |
| 1010 | Total Other Financing Sources (Uses) | \$7,346 | \$-7,346 | \$0 |
| 1000 | Excess (Deficiency) of Operating Revenue Over (Under) Expenses | \$-104,112 | \$50,761 | \$-53,351 |

PHA: LA124 FYED: 06/30/2006

| Line Item No. | Account Description | Low Rent Public Housing | Public Housing Capital Fund Program | Total |
|---------------|--------------------------------------------|-------------------------|-------------------------------------|-----------|
| 1102 | Debt Principal Payments - Enterprise Funds | \$0 | \$0 | \$0 |
| 1103 | Beginning Equity | \$596,892 | \$104,176 | \$701,068 |
| 1120 | Unit Months Available | 540 | 0 | 540 |
| 1121 | Number of Unit Months Leased | 538 | 0 | 538 |